Finance Policy & Regulations

Michaela Community School

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Linked Policy: Procurement Policy

Scheme of Delegation - Authorisation and Monetary Limits

Authorisation Limits

Expenditure Limits

Heads of Department	Up to £100
Finance Manager	Up to £2500
Operations Manager	Up to £10000
Headteacher	Up to £50000
Full Governing Body	Expenditure exceeding budget or above £50000

The Chair of Governors has authority to approve all such expenditure on behalf of the Full Governing Body where this has been previously approved in principle

Cheque Signatories

Two signatories	Up to £50000
Chair of Governors (plus one other)	Over £50000

Faster payments

Online authorisations as per bank mandated process – two person authorisation for all transactions

Payment request authorisation:

Two signatories (Finance Manager and Operations Manager)	Up to £10,000
Two signatures (Finance Manager and Headteacher)	Up to £50000
Chair of Governors (plus one other)	Over £50000

Writing off bad debts

Operations Manager	Up to £100
Deputy Headteacher	Up to £1000
Headteacher	Up to £5,000
Full Governing Body	from £5,000 to £45,000 or 1% of total annual income (whichever is the smaller)
Full Governing Body and approval from ESFA	Above amount in annual funding letter or as per delegated limits specified in section 5.20 of the ATH 2021

Disposal of Surplus Stock, Stores & Assets (estimated value)

Operations Manager	Up to £500
Headteacher	Up to £10000
Full Governing Body	Over £10000
Full Governing Body and prior approval from ESFA	Freehold land & buildings/heritage assets as per section 5.23 of the ATH 2021

Other Monetary Limits

Mileage Allowance	HM Revenue & Customs approved rate
Petty Cash Imprest	£500
Safe Cash	£10,000

Ordering Procedures

Approved supplier	Up to £5000
2 quotations from preferred suppliers	£5,000 - £15,000
3 written quotes	£15000 to OJEU Threshold
Tendering procedure	Over OJEU Threshold

Refer to the Procurement Policy for further detail

Asset Register

Items to be included in Asset Register	Over £1,000

Authorisation /Approval Procedures

Personal Expenses

Headteacher	Chair of Governors
Other Staff	Up to £500 Operations Manager or Finance Manager,
	Over £500 Headteacher

Petty Cash

Headteacher	Chair of Governors
Other Staff	Up to £20 Finance Assistant
	Over £20 Operations Manager or Finance Manager

Purchase Card

Headteacher card statement approval	Chair of Governors
Other Staff card statement approval	Headteacher

1. GENERAL

In accordance with the Academy Trust Handbook (ATH) and Education & Skills Funding Agency (ESFA) updates, the Governors of Michaela Community School understand that they must apply the highest standards of conduct and ensure robust governance as these are critical for effective financial management. They recognise the need to lay down formally a policy for the overall management of the school budget and the day-to-day management of the school's financial affairs.

The purpose of this policy is to ensure that the school maintains and develops systems of financial control which conform to the requirements both of regularity, propriety, and value for money. It is essential that these systems operate properly to meet the requirements of our funding agreement with the ESFA.

The school must comply with the principles of financial control outlined in the school's guidance published by the ESFA. This policy expands on that and provides detailed information on the school's accounting procedures and systems. This policy should be read by all staff and governors involved with financial procedures and it should be readily available.

The general conditions that follow are subject to annual review and consideration by the Full Governing Body, who must formally minute both the review and any subsequent amendments and approval each year.

The Governing Body confirms that day-to-day financial management of the school is delegated to the Headteacher subject to exceptions contained in these regulations.

Throughout these conditions, delegation to the Headteacher shall imply further delegation to the Deputy Headteacher when the Headteacher is not on the School site.

2. DAY-TO-DAY DELEGATION OF AUTHORITY

2.1 Expenditure Limits

The Finance Manager is able to authorise expenditure for day-to-day items and services up to £2500 on any one item (excluding utility charges and annual contracts where the approximate cost has clearly been documented and approved in the annual budget) as long as an adequate budget provision exists. The Operations Manager is able to authorise expenditure up to £10000 on any one item. Authorisations between £10,001 and £125000 are to be referred to the Headteacher and over £125000 to the Chair of Governors who has full authorisation to approve all such expenditure on behalf of the Full Governing Body where this has previously been approved in principle as part of the original budget plan or as an additional spend; all new expenditure above £125,000 must be referred to the Full Governing Body for approval in advance of the expenditure taking place

2.2 Write offs and liabilities

The Operations Manger can authorise minor write offs up to a value of £100, the Deputy Headteacher may authorise writing off of bad debts up to the value of £1000, the Headteacher may authorise writing off bad debts up to a value of £5,000. Requests for write offs between £5,000 and £45,000 are to be referred to the Full Governing Body. All bad debts written off above £1000 will be reported to the Full Governing Body at the next meeting. Write offs exceeding 1% of total annual income

or £45,000 (whichever is smaller) per single transaction will require full Governing Body and ESFA approval as per section 5.20 of ATH 2021.

The school will always pursue recovery of debts/overpayments within practical and legal limitations. The school will only consider writing off losses if there is no feasible alternative.

2.3 Disposal of Surplus Stocks, Stores and Assets

The Operations Manager can dispose of surplus stocks, stores and assets to the value of £100 and the Headteacher up to £5000 without prior authorisation from the Governing Body. All disposals above £1000 must be reported to the Governing Body at the next possible meeting. Authority for disposals above this amount can only be given in accordance with the specified limits and as per the guidance in section 5.23 of ATH 2021.

All disposals must be formally recorded in the minutes and in addition, where the amount exceeds £5,000 a separate report will be issued to the Full Governing Body for their approval.

Disposal of a heritage asset beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally must be pre-approved by the ESFA. Disposal of freehold of land or buildings must be pre-approved by the ESFA as per section 5.23 of ATH 2021.

2.4 Receiving of Goods / Acknowledgment of Service

Receiving of goods and signing of delivery notes will not in normal circumstances be undertaken by the person authorising payment. For day to day operations therefore, receiving and signing for goods and services etc. will be by the Finance Assistant who is not involved in the authorisation process.

2.5 Mileage Allowances and Subsistence Claims

The School will reimburse mileage expenses to individuals for business journeys at a rate in accordance with the limitations set out by HM Revenue & Customs

The claimant is entitled to be notified of this rate in advance of commencing their journey. The claimant must have suitable insurance in place to cover both the vehicle and passengers and that indemnifies the School against any claim.

Expense claims up to £500 may be authorised by the Finance Manager or Operations Manager, claims above £500 must be authorised by the Headteacher.

The Chair of Governors must sign any claims relating to the Headteacher.

Receipts or other appropriate evidence of expenditure must be attached to the claim in respect of all purchases. In exceptional circumstances claims may be approved without evidence at the discretion of the Headteacher.

2.6 VAT Returns

It is the responsibility of the Finance Manager to ensure that the school's VAT is correctly accounted for in accordance with HMRC requirements and promptly claimed on a termly basis.

If the school decides not to register for VAT as the business income falls below the HMRC threshold for compulsory VAT registration, and therefore processes claims using the VAT126 system, it is the responsibility of Finance Manager to monitor the business income to ensure the threshold limit is not exceeded in any 12 month period. In the event the limit is exceeded, the governors must be made aware and HMRC notified of the change in status to enable the school trust to become VAT registered.

3. ORGANISATION

The school has defined the responsibilities of each person involved in the administration of school finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below.

3.1 The Governing Body

The Governing Body has overall responsibility for the administration of the school's finances. The Governing Body should identify the skills and experience that it needs and address any gaps through recruitment and/or induction, training and other development activities.

The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the school and the ESFA and in the Governors' Handbook.

The main responsibilities include:

- ensuring that funds are used only in accordance with the law, its articles of association, the board's powers under the Funding Agreement and the current ATH
- ensuring proper stewardship of the funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use (value for money)
- ensuring the proper governance and conduct of the school under the terms of the Charity Commissions guidance for academies
- being aware of their statutory duties as company directors, which are set out in sections 170 to 177 of the Companies Act 2006
- appointment of a clerk who is someone other than a governor, Headteacher or Chief Executive. The clerk should be able to provide the board with administrative and organisational support, procedural advice, guidance on legal and regulatory framework compliance
- approval of the annual budget
- appointment of the Headteacher
- ensuring an adequate process exists for independent checking of financial controls, systems, transactions and risks under section 3.1 of ATH 2021
- ensuring the maintenance and regular review of a register of the risks arising from the operation of the trust including the likelihood and materiality of each risk and how they are being managed or mitigated. The trust must maintain a risk register under section 2.38 of ATH 2021
- ensuring the register of people with significant control (PSC) is filed with Companies House as part of the annual confirmation statement if applicable
- annual approval of the school's Financial Policy & Regulations
- appointing / agreeing the continued appointment of the trust's auditors and ensuring the contract takes the form of a letter of engagement for the external

audit. This contract should be retendered at least every 5 years as per section 4.5 of ATH 2021.
Additional services purchased must have a separate letter of engagement specifying the precise requirements of the work and the fees to be charged; as per section 4.6 of ATH 2021

- notifying the ESFA immediately of the removal or resignation of the auditors; as per section 4.7 of ATH 2021
- approval of the annual financial statements and the accounting policies used to prepare the financial statements
- ensuring the trust has a clear plan for the use of any financial surplus for the benefit of the pupils as per section 5.29 of ATH 2021
- approval of the Trustees' Annual Report and Governance Statement

3.2 The Headteacher/Accounting Officer

The Headteacher has overall executive responsibility for the school's activities including financial activities. The Headteacher in a single school is appointed as the designated Accounting Officer who is personally responsible to Parliament. The role of the Accounting Officer must not rotate. Accounting Officers have a personal responsibility for:

- assuring the board that there is compliance with the ATH, the Funding Agreement and all relevant aspects of company and charitable law
- the propriety and regularity of the public finances for which they are answerable
- keeping proper accounts
- prudent and economical administration
- avoidance of waste and extravagance
- economic, efficient and effective use of all the resources in their charge (value for money) in order to achieve the best possible educational outcomes
- providing governors with the relevant information on 'value for money' for inclusion in the annual governance statements.
- the management of opportunities and risks
- acting under section 1.42 of ATH 2021 if they consider at any time that the Board is failing to act under the terms of the Handbook or the Funding Agreement
- notifying the ESFA's accounting officer immediately and in writing, if the accounting officer considers that action proposed by the board is in breach of the articles, the funding agreement or the ATH, and they intend to proceed despite having been advised that the action contravenes the aforementioned regulations.
- adherence to the 'seven principles of public life'.

Much of the financial responsibility has been delegated to the Finance Manager but the Headteacher retains responsibility for:

- ensuring that bank accounts, financial systems and financial records are operated by more than one person
- safeguarding the school's property to prevent losses and misuse including maintenance of adequate fixed asset registers
- keeping full and accurate accounting records
- preparing accruals accounts in accordance with existing accounting standards
- approving new staff appointments, except for any senior staff posts which the Governing Body have agreed should be approved by them
- authorising contracts between up to £125,000 in conjunction with the Operations Manager

- signing cheques / authorising faster payments in conjunction with the Finance Manager or other authorised signatory
- signing the school's annual Governance Statement, jointly with the Chair of Governors
- signing the school's annual Statement on Regularity, Propriety and Compliance (see latest Accounts Direction), to be submitted to the ESFA annually with the audited accounts, and other returns as required by the ESFA.

3.3 The Finance Manager/Chief Financial Officer (CFO)

The school must have a Chief Financial Officer, appointed by the governing body, who works in close collaboration with the Headteacher through whom he or she is responsible to the governors. The CFO must be appropriately qualified and/or experienced and should be employed by the school; prior approval must be obtained from the ESFA if the trust has exceptional circumstances under which it proposes to appoint a CFO who will not be an employee. The CFO and the finance staff should maintain their continuing professional development and be allowed access to relevant training. The Finance Manager has been appointed as the CFO with support from MLG Education Services.

The CFO has direct access to the governors via the Full Governing Body meetings. The main responsibilities of the CFO are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system
- the management of the school financial position at a strategic and operational level within the framework for financial control determined by the Governing Body
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the school
- the preparation of monthly management accounts
- VAT returns
- ensuring forms and returns are sent to the ESFA in line with the timetable in the published guidance and bulletins.

3.4 Other Staff

Other members of staff, primarily the Operations Manager and Finance Assistant, will have some financial responsibilities and these are detailed in the policy. All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the school's financial procedures.

4. RISK MANAGEMENT / INTERNAL CONTROL

The school's risk register is maintained by the Operations Manager. The governing body has overall responsibility for risk management including oversight of the risk register, which must be reviewed annually.

4.1 Internal Scrutiny

The governors must manage the programme of internal scrutiny to provide independent assurance to the board that its risk management, financial and non-financial controls are operating effectively and efficiently. This must focus on

evaluating the suitability of and level of compliance with financial and other controls, including checking transactions to confirm procedures are being followed; offering advice and insight to the board on how to address weaknesses to facilitate improvement in controls; ensuring all categories of risk are being adequately identified, reported, and managed.

The governors will decide the areas it will review each year based on risk, including any areas where procedures or systems have changed, taking account of output from other assurance procedures such as recommendations in external auditor's management letter and relevant ESFA reviews.

The governors will keep their approach to internal scrutiny under review, especially where there are changes to size, complexity, or risk profile.

Internal scrutiny will be delivered by the appointment of a bought-in internal audit service from an organisation with professional indemnity insurance who will cover out termly reviews. The company will provide:

- a report following each review, submitted to the Full Governing Body, of the work conducted including recommendations for improved controls where appropriate
- an annual summary report for each year ended 31 August outlining areas reviewed, key findings, recommendations and conclusions enabling the committee to consider actions and assess year on year progress; this report will be submitted to the ESFA by 31 December each year along with its audited annual accounts.

4.2 Register of Interests, Gifts & Hospitality

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise the school must maintain a Register of Interests which captures relevant business and pecuniary interests of members, governors and staff with significant financial or spending powers.

The register is continually updated when changes occur and is subject to a full annual review to ensure it is kept up to date at all times. The register is open to public inspection. It should include all business interests such as directorships, partnerships, employments, shareholdings, or other appointments of influence within a business or organisation which may provide goods or services to the school; trusteeships and governorships including at other educational institutions and charities irrespective of whether there is a trading relationship with the school. For each interest the register must show the name of and nature of the business, the nature of the interest and the date the interest began. The register must also identify any relevant material interests arising from close family.

In addition to the register of business interests, all governors and staff must declare interests whenever they are relevant to matters being discussed by the Governing Body. Where an interest has been declared, governors and staff should not participate in that part of the meeting. The opportunity should also be given for governors and staff to declare previously undeclared interests at every meeting.

The school will publish the relevant business and pecuniary interests, including governance roles in other educational institutions, on their website.

Trading with Connected Parties – refer to ATH.

4.3 Register of Persons with Significant Control (PSC)

Persons with significant control are defined as members holding more than 25% of the voting rights, either directly or indirectly. If there are 4 or less members in the Trust, they will all be classified as PSC's.

The school will file information on the register with Companies House as part of a new annual confirmation statement which replaces the annual return. Where there are no PSC's the trust must put the following statement in the register: "The company knows or has reasonable cause to believe that there is no registrable person or registrable relevant legal entity in relation to the company".

4.4 Gifts & Hospitality

The school should have a policy on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise personal judgement or integrity. Where such benefits have been received, they should be recorded in the register detailing, for each occasion, the nature of the benefit and the donor. When giving gifts, the trust must ensure that the value of the gift is reasonable and the decision is fully documented and has regard to the propriety and regularity in the use of public funds.

The school must maintain a register even where no gifts have been declared, which should be signed by the Chair of Governors on an annual basis.

4.5 Business Continuity

The Finance Manager must prepare a disaster recovery / business continuity plan to cover any actual loss of, or loss of access to, accounting facilities or financial data, which should then form part of the school's overall business continuity plan. This should link in with the annual assessment made by governors of the major risks to which the school is exposed and the systems that have been put in place to mitigate those risks.

The school must have an up-to-date Operations Procedure Manual to cover the event of absence of key personnel in the finance/administration team. It is the responsibility of the Finance Manager to ensure this manual is continually updated. The manual should be accessible to all staff members.

4.6 Internal Controls

The school's system of internal financial control is based on a framework of administrative procedures and management reporting. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed by the governing body
- regular reviews by the governing body of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes including reporting on trading activities
- setting targets to measure financial and other performance
- clearly defined purchasing guidelines, including value for money
- delegation of authority and segregation of duties
- identification and management of risks
- a process for independent checking of financial controls, systems, transactions and risks

5. ACCOUNTING SYSTEM

5.1 Introduction

All the financial transactions of the school must be recorded on the school's financial accounting system (FAS). The FAS is operated by the Finance Department, system currently used is Sage 50 Accounts

5.2 System Access

Entry to the FAS system is password restricted. The Finance Manager is responsible for allowing access by designated employees to authorised levels only. The Finance Manager and Finance Assistant have access.

5.3 System Back-up Procedures

Back up takes place as part of the wider system backups across the school.

5.4 Reconciliations

The Finance Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- purchase ledger control account
- payroll control account
- VAT control account
- all suspense accounts
- bank balance per the nominal ledger to the bank statement
- credit card control accounts

6. FINANCIAL PLANNING AND REVIEW

The school prepares both medium term (3 years) and short-term (annual) financial plans.

The school selects key financial performance indicators and measures its performance against them termly.

6.1 Annual Budget

The Finance Manager, together with the Headteacher, is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Governing Body and that approval must be minuted.

The approved budget must be submitted to the ESFA in accordance with their published deadline each year and the Finance Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

6.2 Budget Planning

The budgetary planning process will incorporate the following elements:

- realistic forecasts of pupil numbers to estimate the amount of ESFA grant receivable
- review of other income sources available to the school to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the school cost base
- identification of potential efficiency savings

- review of the main expenditure headings in light of the expected variations in cost e.g. pay increases, inflation and other anticipated changes
- consideration of asset management plans and surveys

6.3 Balancing the Budget

The governing body must approve a balanced budget, which can draw on unspent funds brought forward from previous years. The board must minute their approval of the original budget and all subsequent amendments.

If a deficit is expected, after having reviewed all possible avenues, i.e. cuts and redundancies, and taking into account unspent funds from previous years, the board of trustees must contact the ESFA within 14 days for further instruction before setting a deficit budget.

If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. It is important that, if the trust has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils, including long-term capital projects.

A copy of the signed budget plan should be placed in the Governing Body's minute file and a further copy retained by Finance Manager.

6.4 Budget Monitoring and Review

The school must prepare monthly management accounts detailing its financial performance and current position which must include the following:

- Income and expenditure
- Variation to budget report
- Cash flow
- Balance sheet

These accounts must be shared with the Chair of Governors and Headteacher every month and with other governors six times a year.

Monthly budget monitoring reports will be prepared by the Finance Manager. These will be produced by uploading data from Sage into the budgeting software.

A narrative report should accompany the system reports, including reasons for significant variances against budget and with a forecast of income and expenditure to the year end.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate.

The school's reconciled bank statements should be updated and presented to the Headteacher each month. The school's bank accounts must not go overdrawn.

Trading accounts to cover catering will be produced and presented to the Full Governing Body on a termly basis. The trading account will clearly identify purchases, contract payments to providers, other associated costs, stock balances and the operating surplus or deficit.

Reports on Capital projects will be produced and presented to the Full Governing Body on a termly basis.

6.5 Financial Returns

The Finance Manager will be responsible for ensuring that all financial transactions are recorded on the school's financial accounting system in accordance with the guidelines issued by the ESFA.

The Finance Manager will be responsible for ensuring that Value Added Tax (VAT):

- is correctly accounted for on the school's financial accounting system in accordance with ESFA and HMRC requirements
- is properly and promptly claimed on a termly basis and supported by relevant system reports and documentation to facilitate HMRC inspection and external audit.

The Finance Manager will be responsible for preparing all the financial returns required by the ESFA including Budget Forecast, Budget Forecast Return: Outturn, Annual Accounts, Accounts Return (AR), etc. and other organisations whose funding is linked to conditions of spending. All returns will be completed in the required timescales.

The Governing Body is responsible for approving the school's annual accounts and annual report and ensuring the annual accounts are audited and submitted to the ESFA by the required deadlines. Details of the financial information required are as set out in the latest Accounts Direction for the year being reported.

In addition to submitting accounts to the ESFA, under section 442 (2a) of the Companies Act 2006, accounts must be filed with Companies House within 9 months of the end of the accounting period.

The Companies Act 2006 requires the school to publish its Annual Accounts and Annual Report. This will be done via the school's website by the end of January following the financial year to which the accounts relate as per ATH section 8 Schedule of requirements and section 4.4 ATH 2021

6.6 School Resource Management Self-Assessment Tool (SRMSAT)

The school will complete the school resource management self-assessment tool (SRMSAT) annually. The governing body will review the findings from the dashboard figures entered onto the Schools Financial Benchmarking website, including preparing an action plan where necessary. The completed checklist will be submitted to the ESFA by the published deadline.

7. PAYROLL AND PERSONNEL PROCEDURES

7.1 Staff Appointments

Staff appointments are authorised by the Headteacher.

Details of staff appointments are entered on the payroll portal by the Operations Manager and emailed to the Finance Manager who updates the payroll budgeting software.

7.2 Setting executive pay

The governing body must follow a robust evidence-based process when making decisions about levels of executive pay, which includes salary and any other benefits; the individuals concerned must not be involved in this process. The levels set must be a reasonable and defensible reflection of the individual's role and responsibilities as

the number of employees whose benefits exceed £100k, in £10k bandings, must be published on the trust's website (section 2.32 of ATH 2021)

The governing body must ensure its approach to pay and benefits is transparent, proportionate, justifiable and conflicts of interest are avoided. It is the responsibility of the Finance Manager to make sure all decisions are clearly recorded and all the relevant documentation is retained.

7.3 Payroll Administration

The school's payroll is administered via the payroll provider's portal. The current provider is EPM. Access to the system is password controlled. Only the Operations Manager and Finance Manager have access to the portal.

7.4 Payroll Process

All staff are paid monthly via BACS through EPM. A personnel data file is created on the EPM portal for each employee which records:

- salary
- bank account details
- taxation status
- personal details and
- any deductions or allowances payable.

All amendments to pay including overtime, additional hours, contract changes, appointments and terminations must be authorised by the Headteacher. Changes are made on the portal by the Operations Manager, documents are printed and signed and dated by the Headteacher and retained by the Finance Manager.

Any payroll transactions relating to the Headteacher must be authorised only by the Chair of Governors.

7.5 Payments and Control Checks

After the payroll has been processed but before payments are dispatched, a report of salary payments by individual and showing the amount payable in total is obtained from the system. The report is reviewed by the Finance Manager and authorised by the Headteacher or the Deputy Headteacher and evidenced via signatures on a full printout.

The Finance Manager enters salary details into the payroll budgeting software and investigates any variances.

The payroll provider's system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the reports and payment is made by BACS by the payroll provider.

After the payroll has been processed the nominal ledger is updated by the Finance Manager. Postings are made both to the payroll control account and to individual cost centres via journals. The Finance Manager reviews the payroll control account each month.

7.6 Payroll Returns

Monthly returns to the Teachers' Pension Scheme and Local Government Pension Scheme are submitted by EPM as part of the payroll process.

7.7 Retention of Records

Payroll records must be kept for 6 years plus current.

Pension records must be retained for 40 years.

All other records must be retained in accordance with current DfE / HMRC / Insurance guidelines.

8. PURCHASING AND PAYMENT PROCEDURES

The School strives to achieve the best value for money from all purchases, which means getting what we need in the correct quality, quantity and timescale at the best price possible. A large proportion of purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

- **Probity,** it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the school
- **Accountability,** the school is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness,** that all those dealt with by the school are dealt with on a fair and equitable basis

8.1 Routine Purchasing

Requests for goods or services are made to the Finance Assistant who raises a purchase order on Sage and places the order.

When goods are received they are checked against the purchase order and the delivery note (if any) and any discrepancies highlighted.

Invoices are sent to the Finance Assistant and are checked against the original order, and delivery notes if received, and entered promptly on Sage.

Authorisation for payment of the invoice is approved in line with the Scheme of Delegation set out above.

Invoices are paid as part of a two weekly payment run. Where payment is required urgently to secure goods or services an interim payment can be arranged.

Pro forma invoices can be paid, but the VAT cannot be claimed until the actual VAT invoice has been received.

8.2 Credit Card Purchases

The school recognises the benefits of credit cards as an alternative means of paying for goods and services. The advantages include reduced paperwork, reduced administration time and costs, opportunity to make online purchases and seek discounts from suppliers on the basis that they receive immediate payment.

Credit cards are particularly suitable for high volume, low value purchases, booking off site visits and for site staff to order building materials etc.

The Headteacher, the Headteacher’s PA and the Finance Assistant each have a card

with the following limits:

Headteacher: £1000
Headteacher's PA: £4000
Finance Assistant: £5000

Credit card receipts/invoices are given to the Finance Manager. At the end of the month the Finance Manager reconciles the receipts to the statements on a spread sheet downloaded from NatWest Clearspend which is then checked and uploaded to Sage by the Finance Manager.

Statements for the Finance Assistant are checked and approved by the Operations Manager.
Statements for the Headteacher's PA are checked and approved by the Headteacher.
Statements for the Headteacher are checked and approved by the Chair of Governors.

The credit card is paid off in full monthly, payment is made by direct debit.

8.3 Petty Cash

The school maintains a maximum cash balance of £500. The cash is administered by the Finance Assistant and is kept in the Finance Office in a locked box in a locked drawer.

Cash receipts are permitted for some lower value items (brick phones, stationery packs) up to a value of £30 and the cash is entered into petty cash. When cash is received a receipt slip is completed in duplicate, one receipt is given to the pupil/parent, the other is given to the Finance Assistant. In order to assure separation of duties the Finance Assistant will not receive cash unless there is no one else available in the office.

In exceptional circumstances higher value receipts will be permitted if authorised by the Deputy Headteacher.

Petty cash payments will normally be limited to £30. Higher value payments will be allowed in exceptional cases if authorised by the Deputy Headteacher.

All payments made should be supported by VAT receipts for the goods purchased, along with an appropriate voucher signed by the member of staff receiving the cash.

The Finance Assistant is responsible for entering all transactions into the petty cash records on a regular basis.

The Finance Manager will be responsible for reconciling the petty cash account each month. The reconciliation will involve matching cash in hand, plus the value of receipts and vouchers received for claims made against the imprest value. Totals will then be uploaded to Sage.

8.4 Lease Agreements

The Trust may only enter into Operating Leases without the need for ESFA prior approval, except
for some transactions relating to land or buildings.

The School will consider the following when taking out / renewing lease agreements:

- Compare the cost of leasing against the cost of purchase, including the level of service/maintenance.
- Whether the maintenance or supply contract is a separate agreement to the lease and if so, that the length of both agreements are the same
- Whether upgrades are included or terms applicable
- Schemes that include ‘cashback’ or ‘free’ or subsidised equipment / goods should be avoided
- Leasing agreements will only be made where the financial arrangements are such that they benefit the School
- For leases above £100,000 over the term of the lease, approval must come from the Full Governing Body before any lease is signed
- Once approval has been given, lease agreements should be signed by the Headteacher on behalf of the Governors. The Headteacher will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals. Some agreements will require the school to give notice of termination even though an expiry date has been specified.

Any lease entered into by the School Trust must meet the following criteria:
- Ownership of the asset must remain with the leasing company and there is no option for the School to purchase the asset at any time
- Any extension of the lease must be at open market values
- The School will not benefit from any sale proceeds of the asset
- The termination value of the lease is equal to or exceeds 10% of the value of the asset at the commencement of the lease.

8.5 Contracts

The school maintains a separate register and spreadsheet documenting all of its current contracts.
All contract documentation is kept on file.

The school has a process in place to review contracts in advance of each contract’s notice period, in order to ensure best value is achieved.

9. INCOME

9.1 General

The sources of income for the school are the grants from the ESFA and from the LA, receipts from students (school meals, trips, etc) and donations from the public. It is the responsibility of the Finance Manager to ensure that all income due to the school has been received, banked and that all income due to the school is collected and reconciled to its financial accounting system.

When banking money received (either cash or cheques) the bank paying in slips will be completed in full, clearly showing the split between cash and cheques, and each cheque will be listed separately.

9.2 Automated payments e.g. Parent Pay.

Any contract for the services of an online parental payment system service provider will be reviewed regularly to ensure that the school is getting value for money and that the provider is giving an adequate service. A copy of the contract should be held in school.

Income received as automated payments will be recorded on the schools financial accounting system promptly and reconciled to the relevant entry on the bank statement.

9.3 Educational Trips

Educational trips should be non-profit making. Each educational trip should be budgeted separately to ensure that all cost are covered.

Income and expenditure summaries for trips and activities are completed and retained on file in order to maintain transparency.

Should a trip be profit making, the surplus will be returned to pupils if the amount is above £10 per pupil, or if the surplus is below this amount per pupil, it will be allocated to the educational trips cost centre within the budget.

The school uses Parent Pay system for recording and collecting payments for trips / events.

9.4 Catering / Meals Income

All pupils partake in family lunch if present in school. If a pupil is absent parents may request a refund.

Payment for meals is via Parent Pay.

9.5 Sixth Form Cafeteria

Payment is by card using the iZettle system.

10. CASH MANAGEMENT, BANKING AND INVESTMENTS

10.1 Cash Management and Banking

The Finance Manager is responsible for preparing cash flow forecasts to ensure that the school has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to delay non-essential payments to cover potential cash shortages.

At the end of each day funds above £25000 are automatically transferred from the current account to the deposit account. If required, funds will be transferred from the deposit account to ensure the balance of the current account does not drop below £25000.

The opening of all accounts must be authorised by the Governing Body who must set out, in a formal memorandum, the arrangements covering the operation of accounts.

Transfers between the school’s bank accounts if more than one bank account, should have a suitable narration to facilitate audit trail, especially where online banking facilities are used.

All cheques and other instruments authorising withdrawal (including direct debits and standing orders) from school bank accounts must bear the signatures of **two** of the following authorised signatories (specify job titles only):

- Headteacher
- Deputy Headteacher

- Chair of Governors
- Finance Governor

A current bank mandate for Direct Debits and Standing Orders must be retained on file and the mandated signatories should be consistent with those detailed above.

The majority of payments are by the faster payment method. This requires two person authorisation. The individuals who are set up on internet banking are:

- Headteacher
- Operations Manager
- Finance Manager

The Finance Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- **all** bank accounts are reconciled to the school's accounting system
- reconciliations are prepared by the Finance Manager within 14 days of the month end
- reconciliations are subject to an independent monthly review carried out by the Headteacher
- adjustments arising are dealt with promptly, i.e. any un-reconciled payments older than six months, and unreconciled receipts older than one month, must be investigated and appropriate action taken and recorded.

10.2 Investment

The school holds a 35 day notice interest bearing account. Surplus funds are placed in this account.

10.3 Borrowing:

The Secretary of State's normal policy is that academies will only be granted permission for medium and long-term borrowing in exceptional circumstances as per section 5.33 of ATH 2021.

11. FIXED ASSETS

11.1 Introduction

Fixed assets include:

- land
- buildings
- furniture and equipment

Fixed assets are depreciated as follows:

- Freehold property - 2% straight line
- Property improvements - 7% straight line
- Furniture and equipment - 20% straight line
- Computer equipment - 33% straight line

11.2 Fixed Asset Register

Assets with a value above £1000 are labelled and recorded on the Parago Asset Management software.

The Finance Assistant is responsible for maintaining the asset register.

All the items on the register are labelled as the school's property.

11.3 Disposals

The school must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety, and value for money.

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Operations Manager up to £100, by the Headteacher up to £10,000 and by the Full Governing Body above £10,000.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the school obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the school would need to ensure licences for software programmes have been legally transferred to a new owner.

The trust must seek and obtain prior written approval from the ESFA before disposing of the following:

- a freehold of land and buildings
- heritage assets (as defined in section 5.23 of ATH 2021) where the value is beyond any limits set out in the trust's funding agreement

12. INSURANCE

The school has opted into the Academies Risk Protection Arrangements (RPA) as per section 2.40 of ATH 2021.